

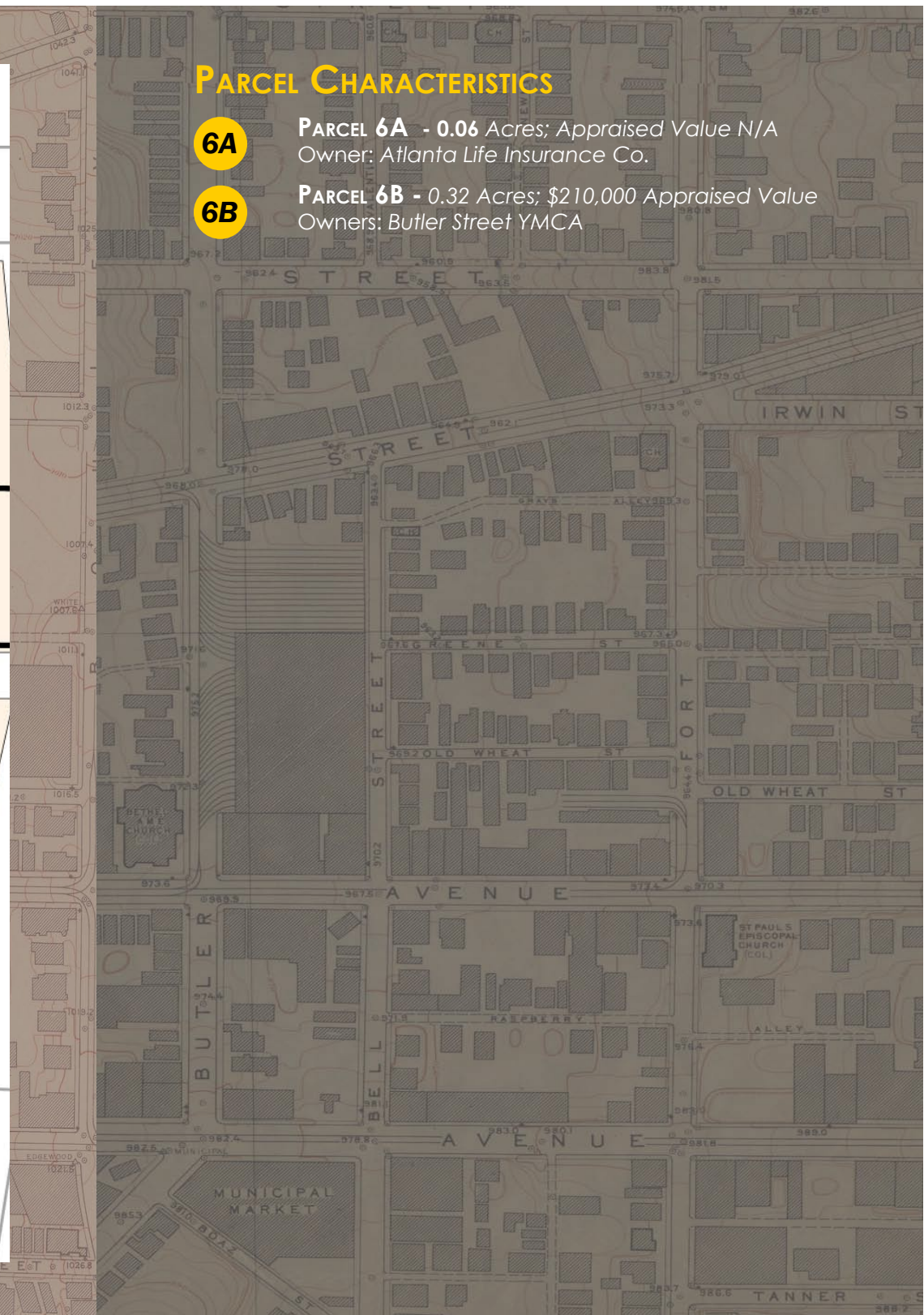
PARCEL CHARACTERISTICS

6A

PARCEL 6A - 0.06 Acres; Appraised Value N/A
Owner: Atlanta Life Insurance Co.

6B

PARCEL 6B - 0.32 Acres; \$210,000 Appraised Value
Owners: Butler Street YMCA



Catalytic Project 6 - Herndon Block Existing Parcels

Prepared for: **The City of Atlanta**
Prepared by: **Urban Collage, Inc. / Huntley & Associates / Market + Main**

Date: **May 2005**

**Redevelopment
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PROJECT AREA 1940



SIGNIFICANT BUILDINGS / SITES

6H1

HERNDON BUILDING / ATLANTA LIFE SALES OFFICE
One of the most important commercial office buildings on Auburn Avenue, built by Atlanta Life Insurance founder Alonzo Herndon. At one point contained the Hotel Roxy as well as offices for other Sweet Auburn entrepreneurs including impresario B. B. Beamon.

6H2

SERVICE STATION / PAL'S DRY CLEANERS
Essentially intact gasoline filling station from the mid-1920s, designed in a 'domestic' style representative of popular taste of the era.

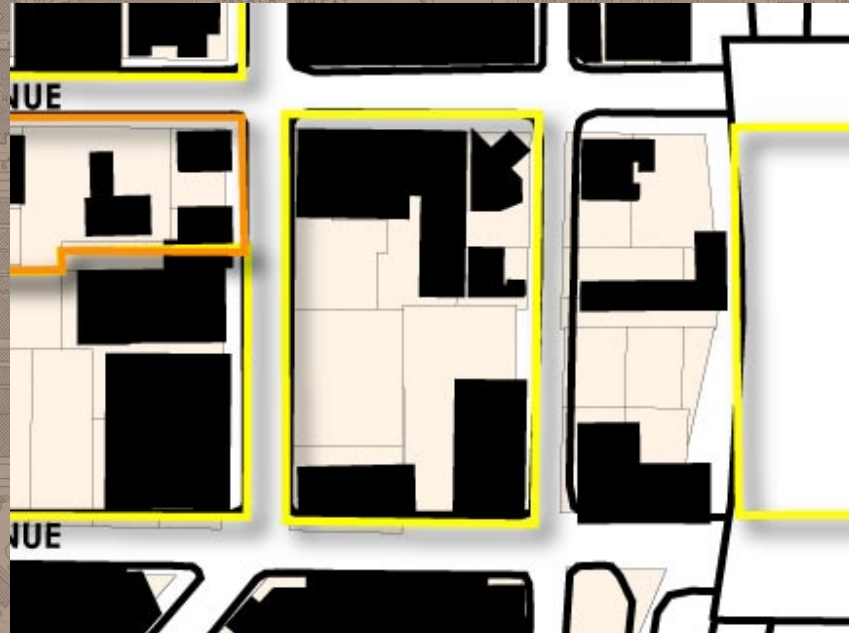
6H3

A&P BUILDING
Early chain grocery store supplementing products available across Edgewood at the Atlanta Municipal Market; its 1940s exterior is largely original.

HISTORIC NARRATIVE

CATALYTIC PROJECT SIX IS ONE OF THE MOST HISTORICALLY IMPORTANT PROJECTS IN SWEET AUBURN IN THAT IT PROPOSES REBUILDING THE INTERIOR OF THE HERNDON BUILDING AND RESTORING THE LANDMARK FACADE. THE HERNDON BUILDING, ALONG WITH THE ODD FELLOWS BUILDING ACROSS AUBURN AVENUE, FORMED THE NUCLEUS OF 'DOWNTOWN' SWEET AUBURN AND CONTAINED OFFICES OF THE COMMUNITY'S MANY PROFESSIONALS AND CIVIC ORGANIZATIONS SUCH AS THE ATLANTA URBAN LEAGUE. THE BUILDING ITSELF WAS DESIGNED BY ENTREPRENEUR ALONZO HERNDON, WHO ALSO MANAGED AND SUPERVISED CONSTRUCTION. NOT SURPRISINGLY, THE ADJACENT THREE-STORY BUILDING HELD SALES OFFICES FOR ATLANTA LIFE INSURANCE, HERNDON'S COMPANY. OTHER TENANTS INCLUDED THE ATLANTA SCHOOL OF SOCIAL WORK AND THE NIAGARA MOVEMENT, THE PRECURSOR TO THE NAACP. THE BLOCK CONTAINING THE HERNDON BUILDING IS RICH IN OTHER HISTORIC RESOURCES, SUCH AS A 1920s FILLING STATION THAT WAS PAL'S DRY CLEANERS IN THE 60'S AND 70'S; ACE TAXI SERVICE, NOW ACE BAR-B-QUE BARN; AND THE EDGEWOOD AVENUE A&P GROCERS, NOW A PAWN SHOP.

PROJECT AREA 2004



HERNDON BLOCK



PROJECT AREA VIEW



Catalytic Project 6 - Herndon Block Historic Profile

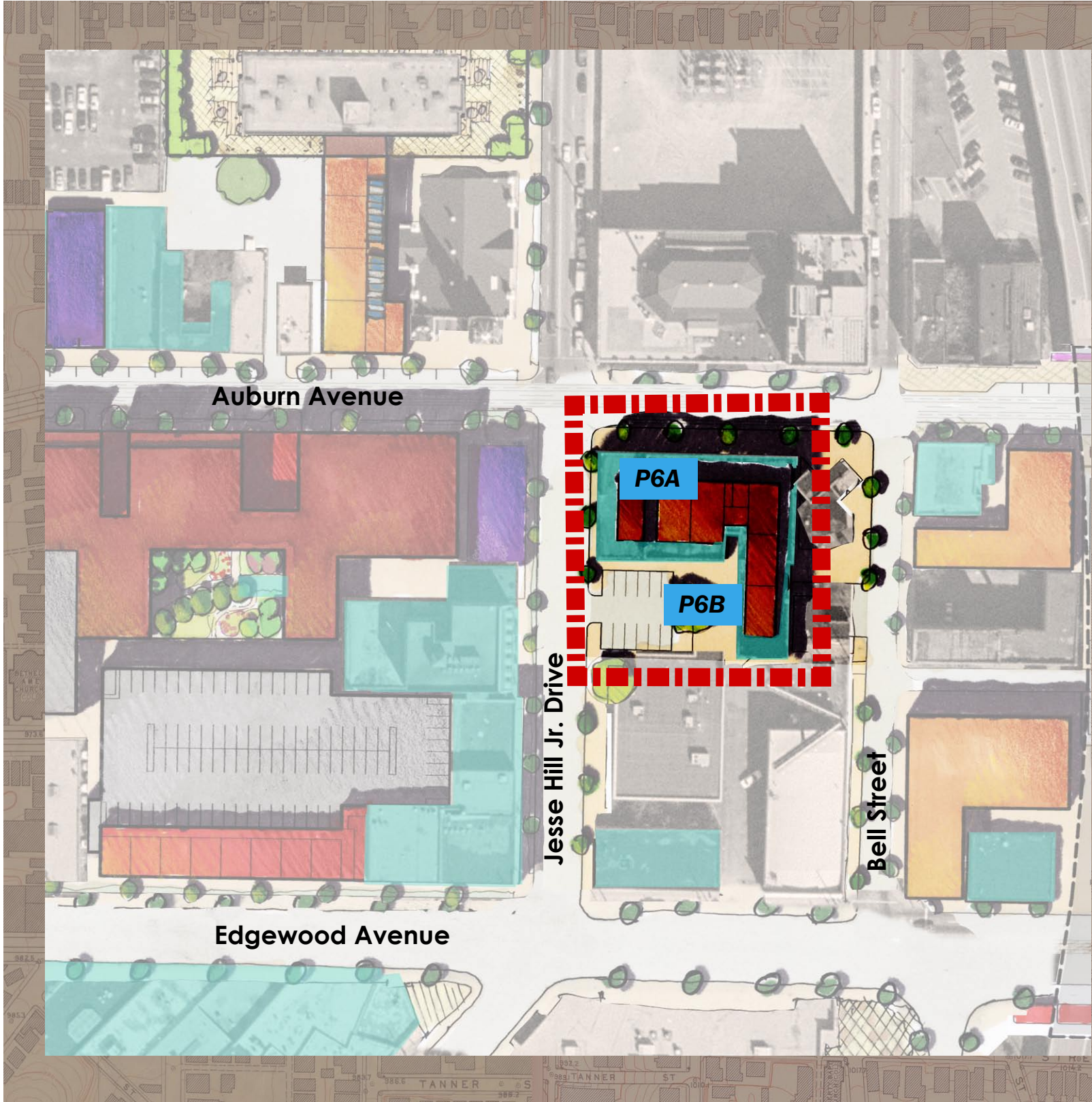
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CONCEPTUAL SITE DESIGN

P6A THREE-STORY MIXED-USE BUILDING - HISTORIC RENOVATION
2,400 S.F. STOREFRONT RETAIL; 4,800 S.F. SPEC OFFICE
MAJOR REHAB / RECONSTRUCTION
HISTORIC ATLANTA LIFE OFFICES

P6B FOUR-STORY MIXED-USE BUILDING - HISTORIC RENOVATION
10,900 S.F. STOREFRONT RETAIL; 32,700 S.F. SPEC OFFICE
MAJOR REHAB / RECONSTRUCTION
HISTORIC HERNDON BUILDING

Project Area 6 Program: Herndon Building

	New Construction	Historic Renovation
Housing		
Single-Family Detached:	0 units	0 units
Single-Family Attached:	0 units	0 units
Walk-Up Multifamily:	0 units	0 units
Elevator Multifamily:	0 units	6 units
Retail		
Storefront:	0 square feet	13,300 square feet
Destination:	0 square feet	0 square feet
Office		
Storefront:	0 square feet	0 square feet
Speculative:	0 square feet	37,500 square feet
Hospitality		
Rooms:	0 units	0 units
Support Space:	0 square feet	0 square feet
Cultural / Institutional		
Museum / Exhibition:	0 square feet	0 square feet
Performance:	0 square feet	0 square feet
Institutional:	0 square feet	0 square feet
Parking		
Surface		
Existing:	20 spaces	
New:	0 spaces	
Structured		
Existing:	0 spaces	
New:	0 spaces	

Catalytic Project 6 - Herndon Block Development Strategy

Prepared for: The City of Atlanta
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Date: May 2005



BUILDING ARTICULATION VIEW



PROJECT CHARACTER



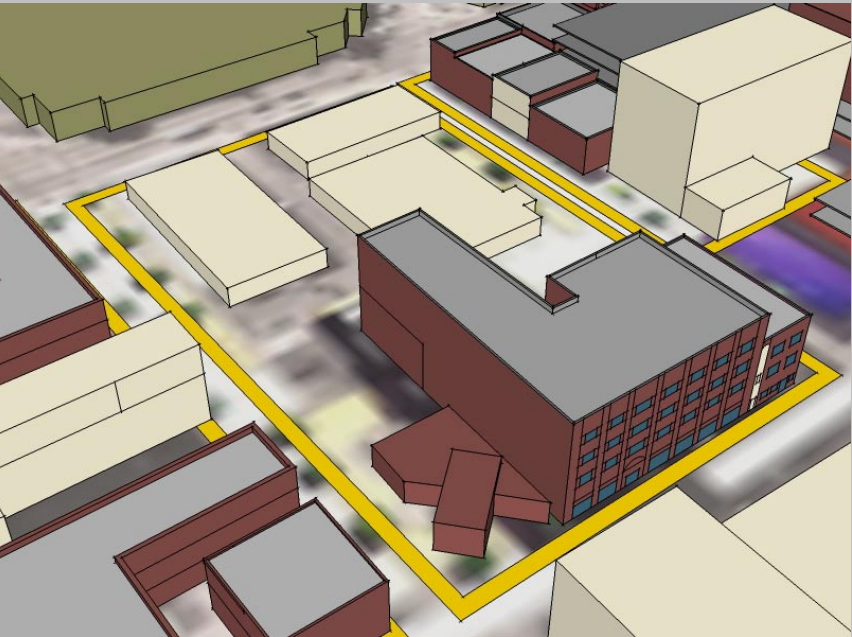
PROJECT CHARACTER



PROJECT AREA 6:
HERNDON BLOCK

The Herndon Building is the single most important preservation target among all the catalytic redevelopment projects. It has been allowed to fall into such disrepair that now portions of the roof have collapsed and most, if not all, the windows are missing. Yet, despite the building's forlorn appearance, it's value as a link to Sweet Auburn's past is overwhelmingly acknowledged by the community. At a minimum the façade requires preservation, including restoring historic windows and providing compatible replacements where they are missing. Other features such as the fire escape on the eastern façade are important details that provide depth and authenticity to the Auburn corridor; these should be preserved as well. The proposal for the adaptive reuse of the Herndon Building therefore calls for the rebuilding of the internal portions of the structure with new construction and the preservation of the

PROJECT VIEW



Catalytic Project 6 - Herndon Block
Building Envelopes / Articulation

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The Urban Collage logo, which consists of a stylized grid pattern with the words "URBAN Collage" below it.

PROJECT SUMMARY: PROGRAM and RESULTS

Project Area 6: Herndon Building

PROGRAM COMPONENTS		ANTICIPATED SALE/RENTAL RATES							
		Market Rates			Rate for IRR		Recommended Rates		
		Per SF/Space*	Price/Rent	Afford Index	Minimum	Per SF/Space*	Price/Rent	Afford Index	
Multifamily Sale Units	-	\$ 175.00	\$ 192,500	Mid	\$ 181.00	\$ 200.00	\$ 220,000	Low	
Multifamily Rental Units	-	\$ 1.20	\$ 1,200		\$ 1.20	\$ 1.20	\$ 1,200		
Rehab Lofts - Sale	6	\$ 150.00	\$ 165,000		\$ 156.00	\$ 175.00	\$ 192,500		
Rehab Lofts - Rental	-	\$ 1.20	\$ 1,200		\$ 1.20	\$ 1.20	\$ 1,200		
Retail SF	13,300	\$ 22.00			\$ 20.50	\$ 22.00			
Office SF	37,500	\$ 20.00			\$ 18.50	\$ 20.00			
Institutional SF	-	\$ 15.00			\$ 13.50	\$ 15.00			
Cultural SF	-	\$ 15.00			\$ 13.50	\$ 15.00			
Deck Parking Spaces*	-	\$ 75.00			\$ 75.00	\$ 75.00			
Surface Parking Spaces*	20	\$ 75.00			\$ 75.00	\$ 75.00			
Total Parking Spaces*	20	\$ 75.00			\$ 75.00	\$ 75.00			

ANTICIPATED PROJECT TIMEFRAME:	1-3 Years = Near Term
ANTICIPATED LAND COST per ACRE:	\$ 923,684 per Acre

TOTAL DEVELOPMENT COST:	\$ 8,293,203
SUPPORTABLE TAD BONDS:	\$ 810,939

PROJECT UNLEVERAGED INTERNAL RATE OF RETURN							
<u>Project Return Goals</u>		<u>Project Component</u>	<u>At Market Rates</u>		<u>At Recommended Rates</u>		
Unleveraged			<u>IRR</u>	<u>Goal Result</u>	<u>IRR</u>	<u>Goal Result</u>	
<u>Return</u>							
Minimum	10-15%		Rental Properties	14.05%	Minimum	14.05%	Minimum
Mid	15-20%		Condo Properties	5.84%	No	23.25%	High
High	20%+	Combo: Approach	13.58%	Minimum	14.58%	Minimum	

PROJECT AREA 6 :
HERNDON BUILDING

CURRENTLY FAVORABLE LAND PRICES SHOULD HELP SUPPORT A REASONABLE RETURN FOR THIS PROJECT. RENOVATION COSTS THAT ARE SIGNIFICANTLY HIGHER THAN NEW CONSTRUCTION COULD THREATEN ADEQUATE INVESTOR RETURNS. THE PROJECT WILL NEED TO SECURE CONVENIENT OFF-SITE PARKING TO SUPPORT BOTH ITS RETAIL AND, MORE IMPORTANTLY, ITS OFFICE COMPONENTS. THE HERNDON BUILDING MAY WORK BEST AS A HIGHER-END "TROPHY" MXD, WITH RATES SIGNIFICANTLY HIGHER THAN MARKET.

IN FACT, GIVEN THE VOLATILITY OF RESTORATION COSTS IN A PROJECT THIS SMALL, ONE MAY CONCLUDE THAT ONLY WITH ABOVE-MARKET CONDOMINIUM SALE PRICES — PROJECTED AT \$175.00 PER SQUARE FOOT VERSUS \$150.00 MARKET RATE — CAN THE HERNDON BUILDING ACHIEVE FINANCIAL VIABILITY.

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